



U.S. Small Business
Administration



JOB COSTING / ESTIMATE vs. ACTUAL



Sponsoring Organization:
U S Small Business Administration (SBA)

PRESENTER:
RUFFIN CONSULTING
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1:00pm



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SYLLABUS

1:00 – 1:05

Intro – Opening Remarks

1:05 – 1:15

Accounting 101

1:15 – 1:25

Accounting System Requirements – Job Costing

1:25 – 1:40

Management Reporting and Analysis – Estimate vs. Actual

1:40 – 1:50

Questions and Answers



INTRODUCTION

3

Learning Goal – What should trainees expect from participation?

- *An understanding of the nature and purpose of job costing and performance metrics.*

Learning Objective – What should participants be able to do?

- *How to measure job performance, profitability and risk mitigation.*

ACCOUNTING 101

4

- Main causes of inadequate government contract cost accounting systems:



WHICH BASIS ACCOUNTING

JOB COST SYSTEM

INDIRECT RATE STRUCTURE

IDENTIFYING UNALLOWABLE COST

ACCOUNTING 101

5

What is the difference between cash basis and accrual basis of accounting?

- Accrual = Revenues are recognized/recorded when earned and Expenses are recognized/recorded when incurred.
- Cash = Revenues are recognized/recorded when received and Expenses are recognized/recorded when paid.



ACCOUNTING SYSTEM REQUIREMENTS – JOB COSTING

6

Job Costing:

- ✓ Need to accumulate all costs (direct and indirect)
- ✓ Accumulate in the same format as proposed
- ✓ Compare to proposal and to budget
- ✓ Identify opportunities (problems) early
- ✓ Use a basis for future proposals



ACCOUNTING SYSTEM REQUIREMENTS – JOB COSTING

7

Job Costing:

- ✓ Support progress billings and cost billings
- ✓ Develop trends for cost estimators, project managers, customers, etc.
- ✓ CAS 401 – consistency in estimating, accumulating and reporting costs
- ✓ CAS 402 – consistency in allocating costs incurred of the same purpose.
- ✓ *(Small Businesses are Exempt from CAS but not from the FAR)*



ACCOUNTING SYSTEM REQUIREMENTS – JOB COSTING

8

Job Cost Ledger:

- The accounting system must be able to accumulate and report the costs for each final cost objective; i.e. government contract.
 - Direct costs of the contract, **plus**
 - Allocation of applicable indirect costs, **less**
 - Unallowable costs
- For multi-year contracts, the costs should be attainable for each of the contractor's fiscal years.
- Contractor's job cost ledger should be reconcilable and currently posted to the general ledger accounts.
- Costs need to be posted, at least, monthly to books of accounts (job cost ledger, subsidiary ledgers, general ledger).



ACCOUNTING SYSTEM REQUIREMENTS – JOB COSTING

9

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JOB COSTING - ESTIMATE vs. ACTUAL

10

Sample Job Costing Reporting:

- **Estimate (Exhibit)**
- **Invoice (Exhibit)**
- **Job Estimate vs. Actual (Exhibit)**
- **Job Item Estimate vs Actual (Exhibit)**
- **Job Profitability Summary / Detail (Exhibit)**



Questions?????



CONTACT INFORMATION

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